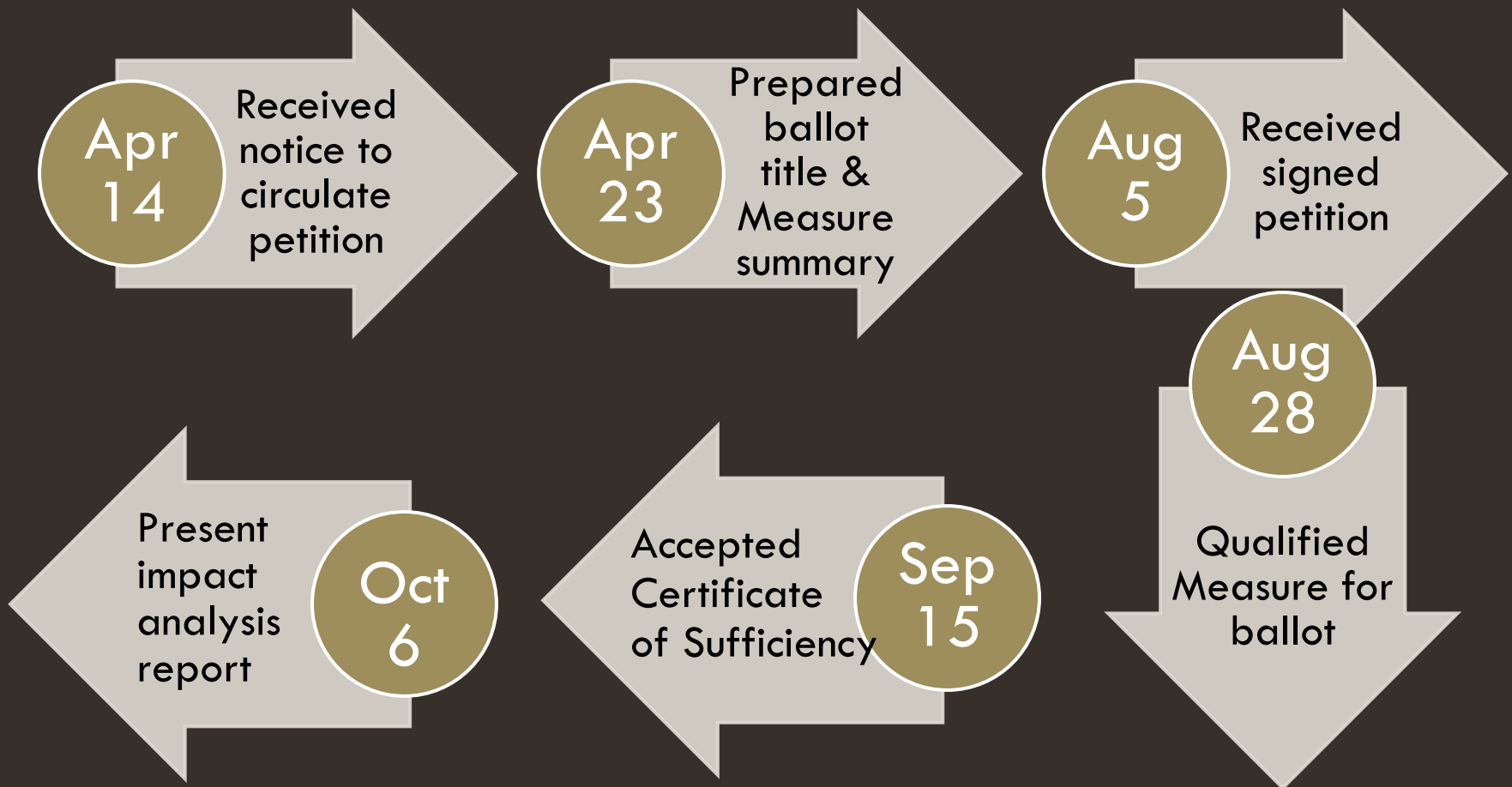


UTILITY USERS TAX REPEAL IMPACT ANALYSIS

October 6, 2015

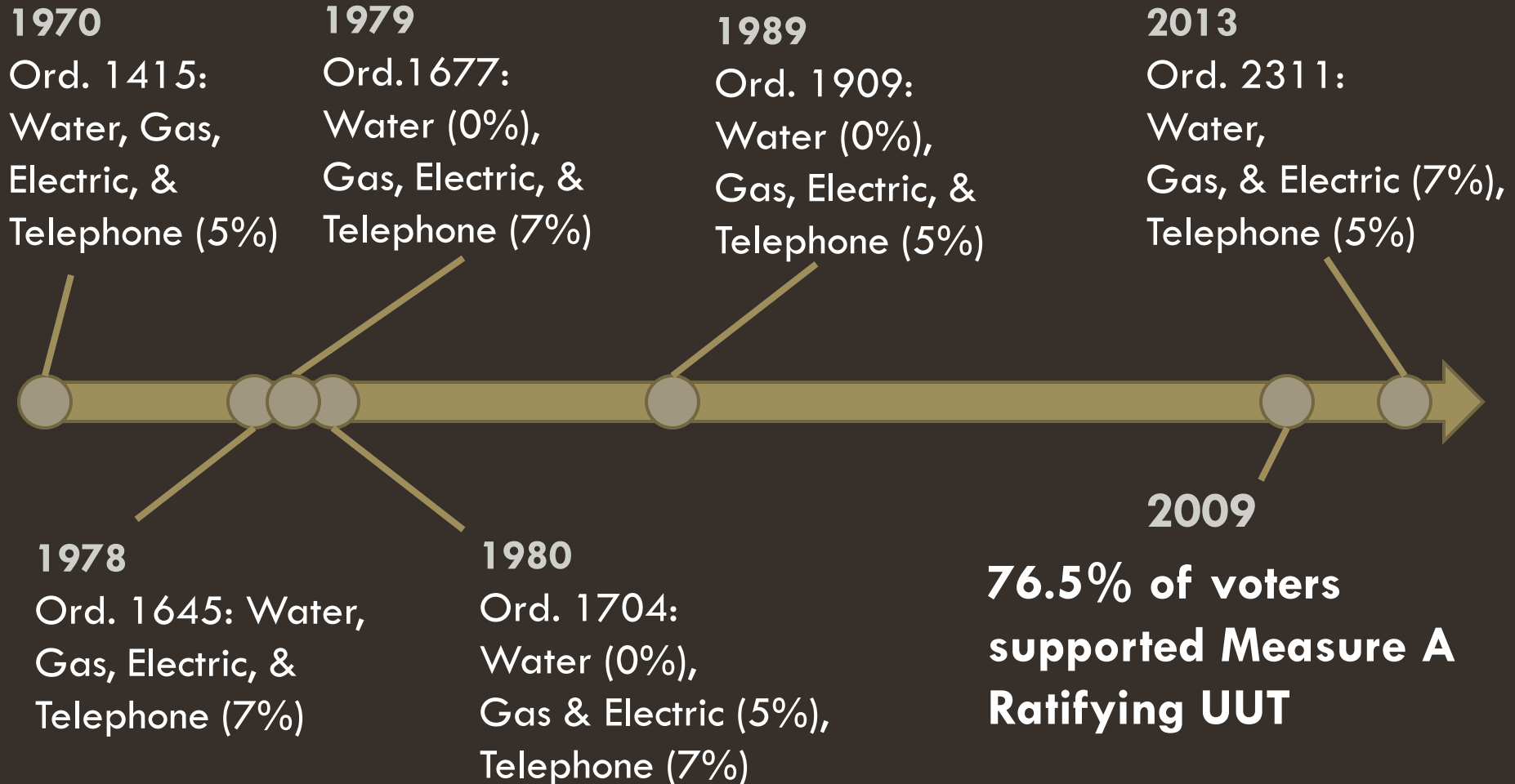
UUT Repeal Timeline



Proposed Initiative Measure

- Eliminates ALL Utility Users Taxes
- Currently:
 - ▣ Water 7%
 - ▣ Gas 7%
 - ▣ Electric 7%
 - ▣ Telephone 5%
- \$7 million in General Fund Revenues
 - ▣ 12.5%

UUT History in Arcadia



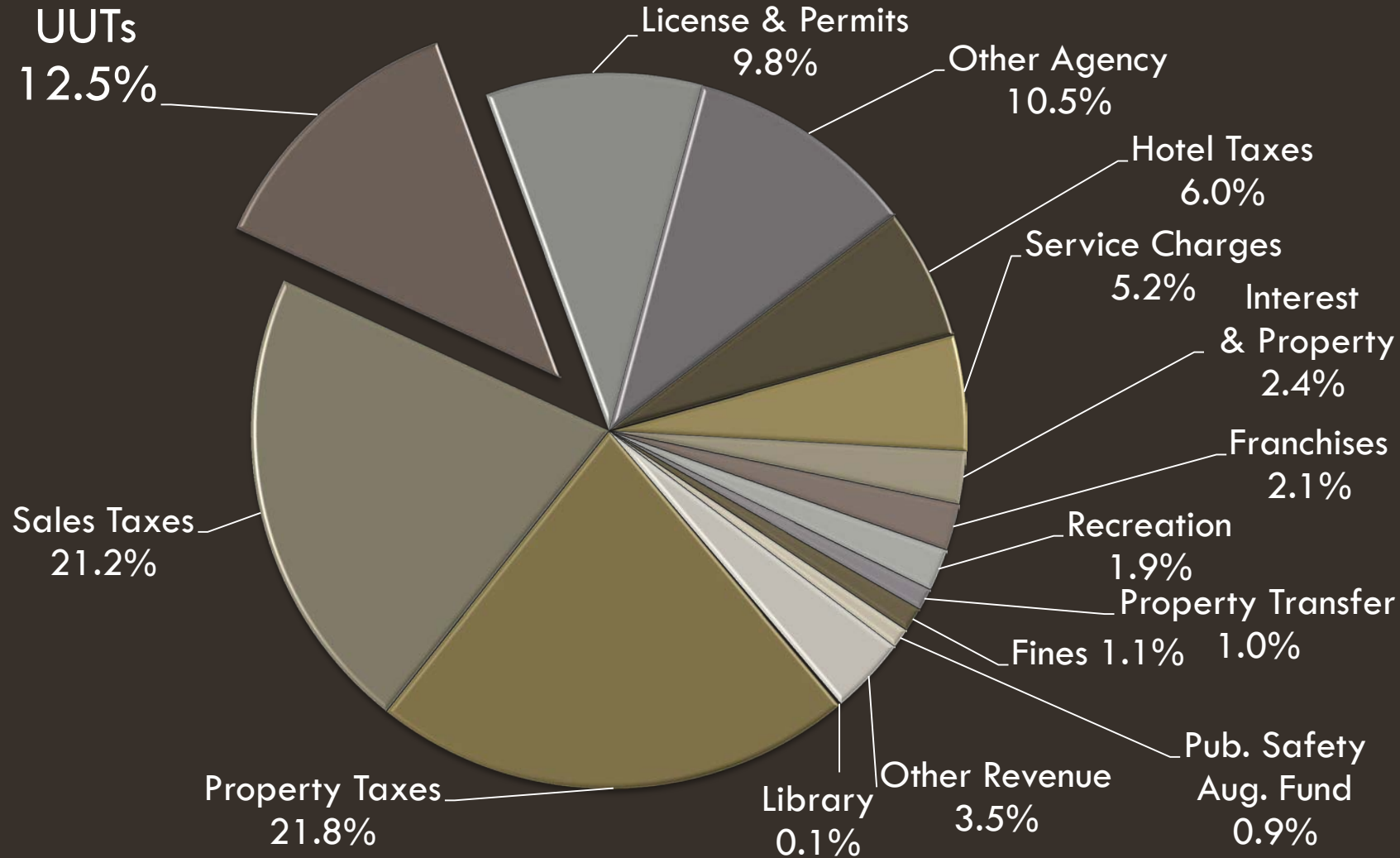
Where does UUT Come From?

- Charged on Residential and Commercial Utility Bills
- Percentage of the user's monthly charges for service

$$\begin{array}{r} \$50 \text{ phone bill} \\ \times 5\% \text{ UUT} \\ \hline \text{user pays } \$2.50 \end{array}$$

- Typical resident pays less than \$10 per month

How Important is UUT?



How Important is UUT?

- General Funds are fully unrestricted
 - Can be used for ANY community purposes
 - Police
 - Fire
 - Roads
 - Library
 - Recreation
 - Code Enforcement

How Important is UUT?

- ❑ Permanent elimination would have significant impacts to City service levels
- ❑ Up to 129 Positions Affected

Why Can't We Just Cut the Fat?

- City made significant cuts during recession
 - ▣ Reviewed all contracts
 - ▣ Looked into contracting out
 - ▣ Extended replacement timeframes
 - ▣ Eliminated FT positions (including Sworn)

Why Can't We Just Cut the Fat?

- Limited growth in organization since then to respond to specific issues
 - Quality of Life Police Officer
 - Code Enforcement for Commercial areas
 - Catching up on capital maintenance funds
- Continually look for ways to save
 - 5.2% decrease in Supplies and Services budget in FY 2015-16
 - Refurbished 3 ambulances instead of buying new
 - \$0.25 million savings

If the Measure were Approved...

Scenario One:

Reduce Every Department by 12.5%

Police Department Cuts

- 29 Total positions affected
- 12 Police Officers eliminated
- 6 Civilians eliminated

NO MORE:

- Extra Tactical Enforcement
- Neighborhood Watch
- Community Outreach
- See Something, Say Something campaign
- Reduced hours at public counters

Fire Department Cuts

- ❑ 24 Total positions affected
- ❑ 9 Sworn positions eliminated
- ❑ Deputy Fire Chief position eliminated
- ❑ Shut down Station 107
- ❑ Slower response for fire, medical, and other emergency calls
 - Especially in Northern part of City
- ❑ Potential loss of life and property

Development Services Cuts

- 4 Positions eliminated

NO MORE:

- Funding for Chamber of Commerce
- Economic Development program

REDUCED:

- Code Enforcement
- Traffic and Street Safety Studies
- Building/planning inspection and reviews

Public Works Services Cuts

- 3 Positions eliminated

REDUCED:

- Tree trimming (half)
- Street sweeping (every 2 weeks)
- Sidewalk/street repairs
- Oversight of contractors
- Potential for increased claims against City

Library & Museum Cuts

- 11 positions affected
- 8 FT positions eliminated
- Operating hours cut by 1/3
 - ▣ 20 hours less per week (2 full days)
- Museum closed Tuesdays
- Reduced programming and acquisitions

Administrative Services Cuts

- 3 FT positions eliminated
- Investment services eliminated
- Increased wait times in processing payments
- Significant internal impacts
 - Extended hiring time frames
 - Reduced IT support
 - Eliminate employee wellness programs

Recreation Cuts

- 52 Positions affected
- 19,200 staff hours cut (9.6 FTE)
- Eliminate 19 programs – All ages
 - Over 58,000 facility uses
- Close Wilderness Park 26 hours per week

NO MORE:

- Concerts & Movies in the Park, Snow Fest, Community Bike Ride, Halloween Happenings, Easter Egg Hunt

City Manager & General Cuts

- 3 positions eliminated

NO MORE:

- Printed newsletters
- Regional memberships
- Employee support programs
- Volunteer Recognition program
- Senior Citizens or Arcadia Beautiful Commissions
- Mayor's Community Breakfast

REDUCED:

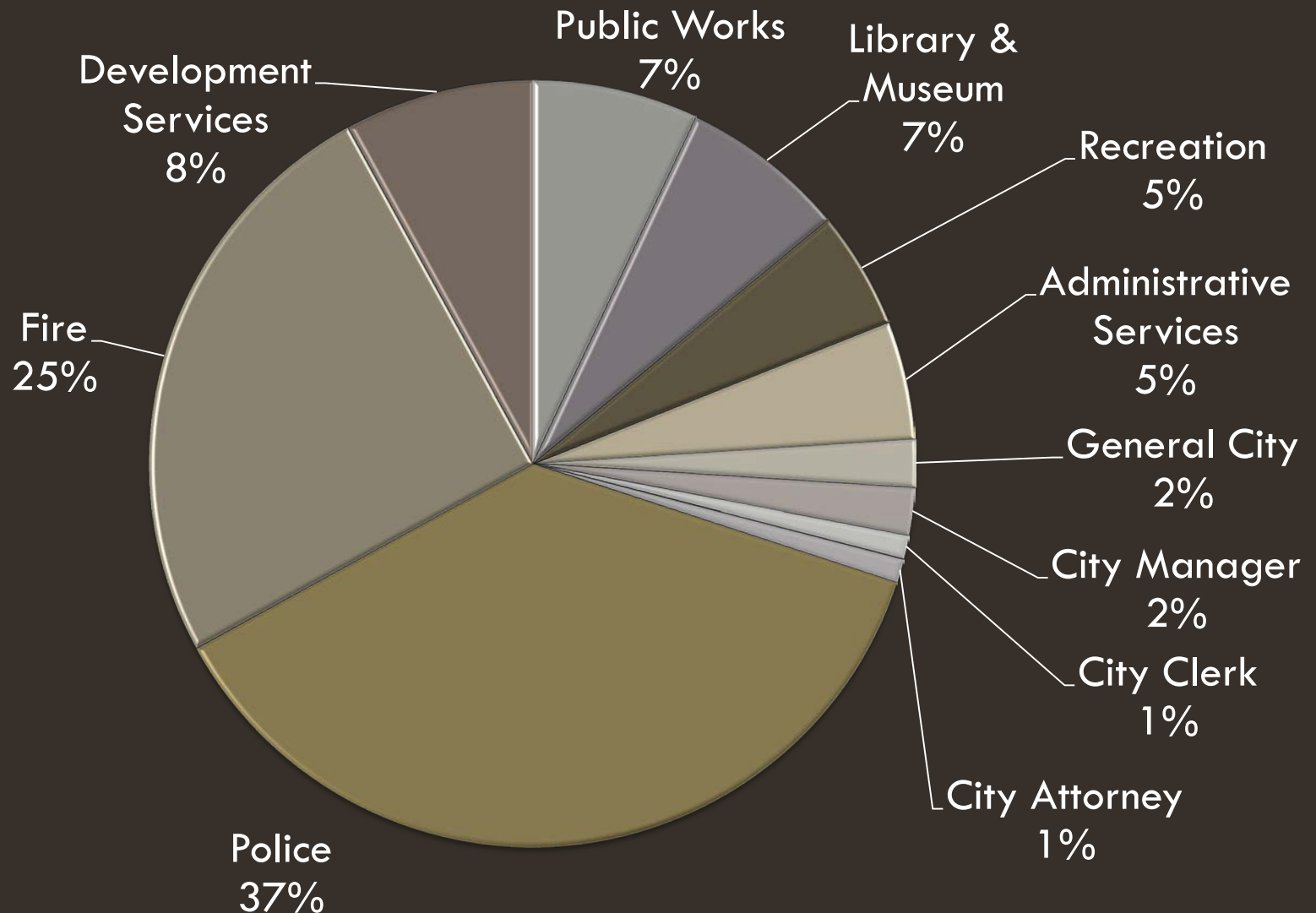
- Graffiti control
- Animal control

If the Measure were Approved...

Scenario Two:

Prioritized Reductions

What to Cut to Get 12.5%?



Extreme Example

If Recreation & Community Services Department
and
Library & Museum Services Department
were eliminated...

Severe Impacts to All

- ❑ 111 full- & part-time City employees laid off
- ❑ 14 City parks closed
- ❑ Library Closed
- ❑ Museum and Education Center Closed
- ❑ Joint funding for school sites lost
- ❑ Grants forfeitted

Severe Impacts to All

- Over 1.3 Million individual uses lost
 - 500,000 Library and Museum visits each year
 - 833,000 visits each year to the Community Center, Dana Gym, 5 City parks, and 11 AUSD facilities
 - 500,800 uses of youth programs (drop-in playgrounds, day camps, after school programs)

Severe Impacts to All

- 21,250 uses of adult classes (yoga, golf, photography, music)
- 127,000 uses of senior programs (low-cost lunches, seminars, health EXPO)
- 19,500 participants for special events (Concerts in the Park, Snow Fest, Community Bike Ride, Easter Egg Hunt)
- Still would need additional \$520,000 in cuts

Revenue Impact

- ❑ Recreation & Community Services generates over \$1 million in revenues
- ❑ Additional cuts would be needed to achieve \$7 million lost through the UUT if entire department eliminated

Overall Summary of Impacts

- Wouldn't cease being a City, but "Arcadia Way" would be lost
- Would be only able to provide more basic level of services
- May be forced to raise fees to maintain some programs

Options for Calling an Election

A) Adopt Ordinance enacting Measure

Not Recommended due to impacts
& voter rights

B) City's next general election (Apr. 12, 2016)

\$5,000

C) Stand-alone Special Election (Jan. 12-17, 2016)

\$100,000 - \$115,000

Recommendation to the City Council

- Place measure on the April 12, 2016, General City Election ballot
 - Adopt Resolutions in Staff Report

- Direct staff to distribute non-partisan, factual information to voters prior to the election
 - E.g., City Website, Newsletters, Town Hall Meetings